

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4814-02  
Bill No.: SCS for SB 577  
Subject: Insurance - Medical  
Type: Original  
Date: February 16, 2012

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Bill Summary: Requires health benefit plans to establish equal out-of-pocket requirements for oral anticancer medications and intravenously administered chemotherapy medications.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(Unknown greater than \$30,560)	(Unknown greater than \$61,120)	(Unknown greater than \$61,120)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown greater than \$30,560)</b>	<b>(Unknown greater than \$61,120)</b>	<b>(Unknown greater than \$61,120)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Insurance Dedicated	Up to \$5,000	\$0	\$0
Road	(Unknown greater than \$50,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
Other State	(Unknown greater than \$7,220)	(Unknown greater than \$14,440)	(Unknown greater than \$14,440)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown greater than \$52,220)</b>	<b>(Unknown greater than \$144,400)</b>	<b>(Unknown greater than \$144,400)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Federal	(Unknown greater than \$12,220)	(Unknown greater than \$24,440)	(Unknown greater than \$24,440)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(Unknown greater than \$12,220)</b>	<b>(Unknown greater than \$24,440)</b>	<b>(Unknown greater than \$24,440)</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Missouri Department of Conservation** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state insurers would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the DIFP for review along with a \$50 filing fee. The number of insurance companies writing these types of policies in Missouri fluctuates each year. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews the department will need to request additional staff to handle increase in workload.

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state MCHCP assumes this legislation does not require the MCHCP to cover non-formulary anti-cancer medications.

The MCHCP covers most intravenously administered or injected cancer medications through the medical plan with an applicable deductible and coinsurance. Orally administered cancer medications are covered through the prescription drug plan with applicable copayments. Because these medications are provided under two different benefit plans and designs (deductible/coinsurance vs. copayments), the member cost for these medications is not comparable.

Based on information from MCHCP medical and prescription plans, the costs of anti-cancer medications through the medical plan are similar to slightly higher than anti-cancer medications through the prescription drug plan. Slightly higher costs are associated with the administration of the drugs in doctor offices, hospitals and infusions centers through the medical impact. MCHCP assumes a modest increase in medications administered through the medical plan based on this proposal. The fiscal impact is unknown, greater than \$100,000.

ASSUMPTION (continued)

Officials from the **Missouri Department of Transportation (MoDOT)** state the legislation uses the definitions of ""health benefit plan"" and ""health carrier"" in section 376.1350 RSMo for purposes of this section. The MoDOT/MHP (Missouri State Highway Patrol) Medical Plan does not fall under either of these definitions, but section 104.801 RSMo, states that any legislation enacted by the General Assembly which mandates the coverage of specific health benefits, services, or providers in the policies or contracts of insurers, health services corporations, HMOs or other third-party payors shall also apply to the Medical Plan. This proposal would provide for specific services--i.e. cancer treatment medications, so it would likely apply to the Medical Plan.

Independent Pharmaceutical Consultants, Inc. (IPC) reviewed the legislation on behalf of the MoDOT/MSHP Medical Plan. According to IPC's review, the legislation presents a complication to the Plan. The intravenously administered cancer treatments are covered under the MoDOT medical plan with the medical plan copayment and coinsurance levels. The Oral cancer agents are generally covered under the pharmacy benefit, often with maximum copayment, which differs from the medical plan levels.

It is our understanding the Plan would need to stop covering the oral cancer treatments in the prescription drug benefit and cover them only through the medical benefit, which could have some financial impact to the Plan and the member. The medical benefit is not intended to handle pharmacy claims for oral dosage forms, as intravenously administered treatments are office administered, and they do not have the same negotiated prices as in the prescription benefit. This complexity for the member seeking coverage may be a concern and could add cost to the plan and/or member.

Therefore, the proposal could have a financial impact to the plan. The impact cannot be determined based on the language provided. Based on impact to the Plan, rates may increase, which may impact the Missouri Highway Transportation Commission (MHTC).

The MoDOT assumes an unknown fiscal impact exceeding \$100,000 per year.

**Oversight** assumes the provisions of this proposal will become effective January 1, 2013.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (6 Mo.)	FY 2014	FY 2015
<b>GENERAL REVENUE FUND</b>			
<u>Costs - MCHCP</u>			
Increase in state share of health care costs	<u>(Unknown greater than \$30,560)</u>	<u>(Unknown greater than \$61,120)</u>	<u>(Unknown greater than \$61,120)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<u><u>(Unknown greater than \$30,560)</u></u>	<u><u>(Unknown greater than \$61,120)</u></u>	<u><u>(Unknown greater than \$61,120)</u></u>
<b>INSURANCE DEDICATED FUND</b>			
<u>Income - DIFP</u>			
From filing fees	<u>Up to \$5,000</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<u><u>Up to \$5,000</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<b>ROAD FUND</b>			
<u>Costs - MoDOT</u>			
Increase in state share of health care costs	<u>(Unknown greater than \$50,000)</u>	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON ROAD FUND</b>	<u><u>(Unknown greater than \$50,000)</u></u>	<u><u>(Unknown greater than \$100,000)</u></u>	<u><u>(Unknown greater than \$100,000)</u></u>

FISCAL IMPACT - State Government

FY 2013  
(6 Mo.)

FY 2014

FY 2015

**OTHER STATE FUNDS**

Costs - MCHCP

Increase in state share of health care costs

(Unknown  
greater than  
\$7,220)

(Unknown  
greater than  
\$14,440)

(Unknown  
greater than  
\$14,440)

**ESTIMATED NET EFFECT ON  
OTHER STATE FUNDS**

(Unknown  
greater than  
\$7,220)

(Unknown  
greater than  
\$14,440)

(Unknown  
greater than  
\$14,440)

**FEDERAL FUNDS**

Costs - MCHCP

Increase in state share of health care costs

(Unknown  
greater than  
\$12,220)

(Unknown  
greater than  
\$24,440)

(Unknown  
greater than  
\$24,440)

**ESTIMATED NET EFFECT ON  
FEDERAL FUNDS**

(Unknown  
greater than  
\$12,220)

(Unknown  
greater than  
\$24,440)

(Unknown  
greater than  
\$24,440)

FISCAL IMPACT - Local Government

FY 2013  
(6 Mo.)

FY 2014

FY 2015

\$0

\$0

\$0

FISCAL IMPACT - Small Business

The proposal may impact small businesses that provide employee health insurance coverage if the requirements of this proposal result in an increase in insurance premiums.

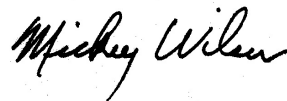
### FISCAL DESCRIPTION

Under this proposal, any health benefit plan that provides coverage and benefits for cancer chemotherapy treatment shall not require a higher copayment, deductible, or coinsurance amount for a prescribed, orally administered anticancer medication that is used to kill or slow the growth of cancerous cells than what the plan requires for an intravenously administered or injected cancer medication that is provided, regardless of formulation or benefit category determination by the health carrier administering the health benefit plan. A health carrier shall not achieve compliance with the provisions of the proposal by imposing an increase in copayment, deductible, or coinsurance amount for an intravenously administered or injected cancer chemotherapy agent covered under the health benefit plan.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Department of Insurance, Financial Institutions, and Professional Registration  
Missouri Department of Transportation  
Department of Public Safety -  
    Missouri State Highway Patrol  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation



Mickey Wilson, CPA  
Director

L.R. No. 4814-02  
Bill No. SCS for SB 577  
Page 8 of 8  
February 16, 2012

February 16, 2012

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